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C O N F I D E N T I A L SECTION 01 OF 04 ROME 000427

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SUBJECT: ITALY RECEPTIVE TO A/S SHANNON'S MESSAGE ON LATIN AMERICA

Classified By: Political Minister Counselor David D. Pearce for reasons
1.4 (b) and (d).

¶1. (C) Summary. A/S Thomas Shannon February 3 outlined U.S. policy in the Western Hemisphere for Italian MFA Director General for the Americas Claudio Bisogniero and encouraged Italy to be our partner in engaging with Latin America during this delicate time for the region. Bisogniero was very receptive to Shannon's message and expressed willingness to work with the United States, especially on Bolivia. Bisogniero and Shannon also noted that the United States and Italy shared a common view of the nuances in Latin American politics and the need to judge governments by their actions, not solely their political ideology. Shannon requested Italy's support for Guatemala's UNSC bid and Bisogniero responded that Italy was very much inclined to back its candidacy. End Summary.

Italy: Relaunching Its Presence in Latin America

¶2. (C) Bisogniero noted that Italy is in the process of relaunching its presence in Latin America in light of strong economic and cultural ties. He explained that Italy did not view Latin America in terms of spheres of influence, but within a multilateral context including the United States, EU, and other major players. Pointing out that not all leftist governments in Latin America are alike, Bisogniero said that the situation cannot simply be termed a shift to the left. Italy would judge governments by what they do on issues such as education, economic and social issues, combating drug trafficking and organized crime, not solely by their ideology. Bisogniero said that Latin America was notably absent from the multilateral picture, citing nonproliferation as an example of a major issue where the region did not play a role. Spain, Italy, and France are the biggest players in the EU on Latin America issues, according to Bisogniero, and Italy is ready to do its part bilaterally and in the EU.

¶3. (C) Concurring with Bisogniero's points, A/S Shannon noted that Italy's focus on multilateral engagement was a healthy approach. He emphasized that Latin America is going through an important, delicate phase. Shannon said the United States was sometimes seen with suspicion and animosity in Latin America and would need partners from inside and outside of the region in its efforts. Welcoming Italian and EU engagement, he explained the United States did not see this as competition.

MERCOSUR and Venezuela: Politics or Economics?

¶4. (C) Venezuela's entry into the Common Market of the South (MERCOSUR) was a political decision, Bisogniero observed, and there would be much work to come to integrate Venezuela into the group. Given the Andean Community member's dissatisfaction with that organization, Bisogniero wondered if MERCOSUR would be the entity to attract the rest of the region (although Bolivian President Morales had hesitated to follow Venezuelan President Chavez). With Venezuela's entry, Bisogniero noted that the new dynamic could see Brazil and Argentina limiting Venezuela, or Venezuela taking MERCOSUR in its direction. Shannon remarked that the Venezuelan economy would be devastated if it opens to Brazilian and Argentine markets.

¶5. (C) The question would be whether MERCOSUR would be an economic or political entity, with Argentina and Brazil seeing it as a way to control Chavez. Bisogniero agreed that

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other South American countries could be a force to moderate Chavez. Shannon also noted the difference between Brazil's view of South American integration, which is modern and intent on engaging a globalized economy, and Chavez's view, which is inward looking and designed to create a counterweight to the United States. Although most countries seemed to share Brazil's perspective, Shannon observed that the region still had much to do on economic integration. He also noted that Morales would not be willing to step out of the Andean Community alone, and didn't want to walk away from a potential free trade agreement with the United States.

¶6. (C) Bisogniero lamented that Brazil had not been helpful in EU-MERCOSUR negotiations, which Italy was trying to push, hoping for an agreement by the middle of the year. Shannon noted that the Brazilian MFA controlled the agenda and it viewed trade in terms of power and market access, not a way to increase competitiveness. Both Shannon and Bisogniero agreed on the need to engage with the business community.

¶7. (C) Chavez has decided not to have any contact with us, Shannon said, with energy the only relationship he couldn't break. The United States would try to be quiet on Chavez, but highlighted the importance for countries with a relationship with Venezuela of engaging with civil society. Bisogniero noted that Italy's relationship with Venezuela was based on economic ties and the large Italian community.

GRULAC UNSC Seat: Italy Supports Guatemala

¶8. (C) Shannon shared our concerns regarding Venezuela's bid for the Latin America Group (GRULAC) seat on the UN Security Council (UNSC), and noted Guatemala's larger UN profile. Having Venezuela on the UNSC would be a big problem for us, Shannon argued. He noted Venezuela's recent history of trying to hijack international organizations for its own purposes, entering with its own agenda. Pointing to U.S. domestic concerns about the UN, Shannon said that having Venezuela on the UNSC would damage our ability to argue internally that the UN and UNSC are useful institutions. In

contrast to Venezuela, Shannon noted that Guatemala contributes to UN peacekeeping (recently loosing eight peacekeepers in the Congo) and has a larger overall commitment to the UN system. Bisogniero responded that Italy was very much inclined to support Guatemala's candidacy. He explained that Italy anticipated holding a UNSC seat during the same rotation and would not want any of its fellow members to obstruct proceedings. He noted that Italy has not made this position public.

Bolivia: Common Ground on Morales

¶9. (C) Morales's recent trip to Cuba, Venezuela, Spain, France, Belgium, South Africa, China, and Brazil was very important for the newly elected leader's understanding of what it means to be the president of Bolivia, according to Shannon. Citing Morales's wide margin of victory, Shannon noted that it was necessary to understand and respect what was happening in Bolivia. He emphasized that we were entering the relationship without preconceptions and President Bush had called Morales to say we were prepared to talk. Morales's message to Shannon had been that he would be prepared to work with us. However, Shannon noted, the relationship would not be easy--and would be even harder for Morales, especially managing his radical supporters. We all have to be there, Shannon said, and we have to talk to Morales. He cited Brazil and Argentina's agreement to act as "chaperones" of the Morales-Chavez relationship as an example.

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¶10. (C) Noting the wide media coverage of the election, Bisogniero observed that Morales seemed to have responded positively to messages from the U.S., EU, and others. He characterized Morales as pragmatic vs. the ideologically-driven Chavez and Castro, noting particularly his restraint in not following Chavez blindly into MERCOSUR. Since Austria does not have diplomatic representation in La Paz, Italy will hold the EU Presidency for Bolivia during the next six months. Bisogniero praised Ambassador Zanini as skilled and experienced (he has been in La Paz for three years) and noted that he has been developing contacts in the new government. Highlighting the good relationship between our Ambassadors in La Paz and our many common views on Bolivia, Bisogniero thought it would be possible to work together more closely in approaching Morales. The EU had decided to take a wait-and-see approach, according to Bisogniero, and would reinforce Solana's message.

Argentina: Reestablishing High-Level Dialogue

¶11. (C) Expressing concerns regarding Argentina's IMF payoff, Bisogniero questioned the sustainability of current economic growth. Although the issue of Argentine bond restructuring which affected many Italian pensioners remains a source of tension in Italy-Argentina relations, Bisogniero noted that cooperation in other sectors like science and technology remained good, and Rome was working to reestablish high-level political dialogue with Buenos Aires. He also indicated that Economy Minister Roberto Lavagna might visit Rome in late March. Shannon noted that Argentina had run the Summit of the Americas for a domestic audience, which had hurt them internationally. However, during a subsequent visit to Buenos Aires, Shannon said Kirchner came as close as possible to apologizing and U.S.-Argentina relations are back on track.

Nicaragua: Italy Agrees on Need for International Observers

¶12. (C) Shannon described the upcoming election in Nicaragua as an opportunity to change the Ortega-Aleman political

landscape, and emphasized the need for international observers now to ensure the Electoral Authority is laying the groundwork for a free and fair election. Removing the possibility of a U.S. deal with Aleman, Shannon said we could live with either of the two candidates. Bisogniero responded that Italy was pushing the EU to send an electoral commission. (NOTE: At their February 6 Commission on Latin America (COLAT) meeting, the EU agreed unanimously on the need for an election observer mission to Nicaragua. The next step would be to include Nicaragua on the list of priority countries for monitoring in 2006.)

Cuba: Human Rights Situation Worse, Sticking to EU Line

¶13. (C) The human rights situation in Cuba is unacceptable and getting worse, Bisogniero said, in spite of the EU policy opening. Italy would continue to engage in critical dialogue with the GOC, according to Bisogniero, and would intensify contact with the opposition, staying within the EU common position. The MFA has summoned the Cuban charge to protest the denial of exit visas to the Damas en Blanco and Oswaldo Paya, both invited by the European Parliament, and will call in the Ambassador when he arrives. Bisogniero noted that Austria does not want to put Cuba on the EU agenda before the policy review in June.

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¶14. (C) Shannon noted that Castro's succession strategy would require more repression for it to be successful, and that the EU and others should not expect to soften the regime through engagement. He emphasized that the U.S. goal was to open political space in Cuba and involve the Cuban people, who should choose the next government, not the security forces. Bisogniero inquired about the focus of the second Commission for Assistance to a Free Cuba report. Shannon explained that it would cover the transition period itself, which was not discussed in last year's document. He highlighted that a common approach on the transition, with the EU providing points of its own, would help reassure the Cuban people that the international community would be there to support them. Shannon praised the European invitations to Paya and the Damas as a positive way to raise their profile both internationally and in Cuba, and encouraged Italy to keep engaging with the opposition.

Haiti: Italy Pushing for Aid, CARICOM Membership

¶15. (C) Italy is working within the EU to release 75 million Euros in aid to Haiti that have been blocked pending elections. Bisogniero explained that Italy would continue to push for the aid money and for the inclusion of Haiti in the Caribbean Community and Common Market (CARICOM) after the election. He said that Italy saw a need for the UN Stabilization Mission in Haiti (MINUSTAH) to remain until the end of the summer. Shannon emphasized that the United States would work with whoever won the election and that the important thing was to have elections, noting that it would be difficult for countries contributing to MINUSTAH to maintain their presence without elections. The GOI was providing humanitarian assistance to the Dominican Republic-Haiti border area, according to Bisogniero, seeing it as an important long-term stability issue.

Chile, Canada

¶16. (C) Italy had been working closely with Chile, which it saw as a platform for trade with Latin America since had the best agreement with the EU among the Latin American countries. Given the timing of the Chilean and Italian

elections, Bisogniero said, Italy might send a deputy minister or parliament member to represent the GOI at the inauguration. He observed that Canada's new minority government might have a tough time. Shannon noted that the new Harper government would bring a friendlier tone to the bilateral relationship, but would most likely be careful in its relations with the United States, working for a productive relationship without seeming to cave to U.S. interests.

Comment

¶17. (C) Italy seemed receptive to the message of cooperation in the region, which ties into MFA efforts to move Latin America up on the Italian agenda. The GOI appeared particularly interested in working more closely on Bolivia issues, and was open to further suggestions on US-EU cooperation for a Cuba transition agenda.

¶18. (U) This cable was cleared by A/S Shannon.
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